# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

STARRED QUESTION NO:382
ANSWERED ON:19.04.2002
NOMINATION OF DIRECTORS IN BANKS
AMBATI BRAHMANAIAH

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government have appointed several persons as Directors in banks, who do not possess adequate banking experience;

(b) if so, the number of such Directors nominated during last year;

(c) whether the Government propose to clearly specify minimum statutory qualifications for appointment as Directors in Government-controlled banks; and .

(d) if so, the details thereof?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a),(b),(c)&(d) : A statement is laid on the tabl~ of the House.

STATEMENT REFERRED TO PART (A), (B),(c) & (D) TO LOK SABHA STARRED QUESTION NO.382 FOR 19TH APRIL1 REGARDING NOMINATION OF DIRECTORS IN BANKS BY SHIU A. BRAHMANAIAH

(a),(b),(c)&(d) : Section 9(3A) of the Banking Companies(Acquisition and Transfer of Undertakings) Act, 1970/1980 which deals with the nomination of part-time non-official directors on the boards of nationalised banks reads as under:

The Directors to be nominated under clause

(h) or to be elected under clause
(i) of sub-section (3) shall

(A) have special knowledge or practical experience in respect of one or more of the following matters namely:

(i) agricultural and rural economy

(ii) banking,

(iii) co-opemtion,

(iv) economics,

(v) finance,

(vi) law,

(vii) small-scale industry,

(viii) any other matter the special. knowledge of, and practical experience in, which would, in the opinion of the ReselVe Bank, be useful to the corresponding new bank;

(8) represent the interests of depositors; or

(c) represent the interests of farmers, workers and artisans.

Similarly Section 19(1)(d) of the State Bank of India Act, 1955 provides that person havingknowledge of the work of co-operative institution and of rural economy or experience in commerce, industry, banking or finance may be nominated as directors. Nomination of director on. the boards of public sector banks have been made keeping in mind the above qualifications and in accordance with the provisions of the Act and Scheme framed in this regard by the Government.